

NEW APPLICATION
ORIGINAL



0000002847

Richard L. Sallquist, Esq. (002677)
SALLQUIST & DRUMMOND, P.C.
2525 E. Arizona Biltmore Circle, Suite 117
Phoenix, Arizona 85016
Telephone: (602) 224-9222 Fax: (602) 224-9366
Attorneys for Virgin Mountain Utilities Company

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2004 APR 29 A 11:19

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission

DOCKETED

APR 29 2004

APR 29 2004

BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED BY

CK

W-03551A-04-0325

IN THE MATTER OF THE APPLICATION OF)
VIRGIN MOUNTAIN UTILITIES COMPANY)
FOR AN EXTENSION OF ITS CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO)
PROVIDE WATER SERVICE IN MOHAVE)
COUNTY, ARIZONA AND APPROVAL OF A)
HOOK-UP FEE TARIFF.)

DOCKET NO. W-03551A-04-_____

APPLICATION

Virgin Moutain Utilities Company (the "Company" or "Applicant") submits this Application to extend its water Certificate of Convenience and Necessity. In support of this Application, the Company states as follows:

1. Applicant holds a Certificate of Convenience and Necessity ("CC&N") issued by the Commission to provide water service in portions of Mohave County, Arizona.

2. A copy of the completed CC&N Extension Application as required by the Commission is attached hereto as Attachment A.

3. Three copies of the Requests for Service from the owners of the subject property, supporting the Application have been filed under separate cover with the Commission's Staff.

4. Based on the Service Agreements with the Developers within the Subject Area, and the Hook-Up Fee proposed below, the Company will have sufficient water capacity to serve the Subject Area.

5. The Company will provide service to the Subject Area under their existing service rates, charges, terms and conditions, as those rates may be amended by appropriate regulatory action.

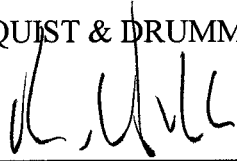
1 6. The Company proposes to implement a Hook-Up Fee in the form of the Tariff revision
2 attached hereto as Attachment B. Support for the Hook-Up Fee level is also attached.

3 7. The Company will provide the form of notice attached as Exhibit J to Attachment A, as
4 that notice may be modified by the Procedural Order in this Docket, and file an Affidavit to that
5 effect with Docket Control upon completion of said notice.

6 WHEREFORE, the Company respectfully requests that the Commission hold a hearing
7 on this Application as soon as practicable, and thereafter issue an order granting the requested
8 extension of its water Certificate of Convenience and Necessity and approving a Hook-Up Fee
9 Tariff.

10 Respectfully submitted this 28th day of April, 2004.

11 SALLQUIST & DRUMMOND, P.C.

12 By: 
13 Richard L. Sallquist
14 SALLQUIST & DRUMMOND, P.C.
15 2525 E. Arizona Biltmore Circle, Suite 117
 Phoenix, AZ 85016
 Attorneys for Virgin Mountain Utilities Company

16 The original and fifteen copies of
17 the foregoing were filed this 28th
day of April, 2004:

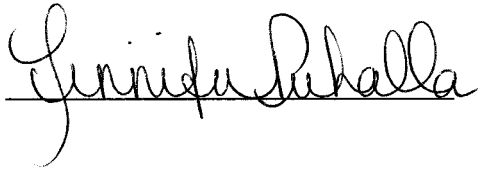
18 Docket Control
19 Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

1 Copies of the foregoing were mailed
this 28th day of April, 2004 to:

2 Hearing Division
3 Arizona Corporation Commission
1200 W. Washington St.
4 Phoenix, AZ 85007

5 Legal Division
6 Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

7 Utilities Division
8 Arizona Corporation Commission
1200 W. Washington St.
9 Phoenix, AZ 85007

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11

1 **ARIZONA CORPORATION COMMISSION**

2 **APPLICATION FOR AN EXTENSION OF CERTIFICATE OF CONVENIENCE AND**
3 **NECESSITY**

4 **WATER**

5 A. The name, address and telephone number of the Applicant is:

6 **Virgin Mountain Utilities Company**
7 **P.O. Box 668**
8 **Beaver Dam, Arizona 864326**
9 **(928) 347-5515**

10 B. The name, address and telephone number of management contact is:

11 **Tom Stoddard**
12 **P.O. Box 668**
13 **Beaver Dam, Arizona 86432**
14 **(928) 347-5515**

15 C. List the name, address and telephone number of the operator certified by the Arizona
16 Department of Environmental Quality:

17 **Tom Stoddard**
18 **P.O. Box 668**
19 **Beaver Dam, Arizona 86432**
20 **(928) 347-5515**

21 D. List the name, address and telephone number of the attorney for the Applicant:

22 **Richard L. Sallquist, Esq.**
23 **Sallquist & Drummond, P.C.**
2525 E. Arizona Biltmore Cr., Suite A117
Phoenix, Arizona 85016
(602) 224-9222

24 E. Attach the following documents that apply to you:

25 1. Certificate of Good Standing (if corporation) **Please see Exhibit A.**

26 93066.00000.71

27 **ATTACHMENT A**

2. Corporate Resolution Authorizing this application (if required by the corporation's Articles of Incorporation) **Please see Exhibit B.**

F. Attach a legal description of the area requested by either **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted. **Please see Exhibit C.**

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area requested. Also indicate the present certificated area by using different colors. **Please see Exhibit D.**

H. Attach a current balance sheet and profit and loss statement. **Please see Exhibit E.**

I. Provide the following information:

1. Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

Residential:

First Year 10 Second Year 25 Third Year 45 Fourth Year 70
Fifth Year 100

Commercial:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Industrial:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Other: (specify)

1 First Year _____ Second Year _____ Third Year _____ Fourth Year _____
2 Fifth Year _____

- 3 2. (WATER ONLY) Indicate the projected annual water consumption, in gallons, for each
4 of the customer classes in the new area for each of the next five years:

5 **Residential:**

6 First Year 720,000 Second Year 1,800,000 Third Year 3,240,000

7 Fourth Year 5,040,000 Fifth Year 7,200,000

8 **Commercial:**

9 First Year _____ Second Year _____ Third Year _____

10 Fourth Year _____ Fifth Year _____

11 **Industrial:**

12 First Year _____ Second Year _____ Third Year _____

13 Fourth Year _____ Fifth Year _____

14 **Irrigation:**

15 First Year _____ Second Year _____ Third Year _____

16 Fourth Year _____ Fifth Year _____

- 17 3. Indicate the total estimated annual operating revenue from the new area for each of the
18 next five years:

19 First Year \$4,560 Second Year \$11,400 Third Year \$20,520

20 Fourth Year \$31,920 Fifth Year \$45,600

- 21 • Complete Attachment "D" (Water Use Data Sheet) for the past 13 months
22 The Company has no metered customers at this time.

1 4. Indicate the total estimated annual operating expenses attributable to the new area for
2 each of the next five years:

3 First Year \$4,104 Second Year \$10,260 Third Year \$18,468

4 Fourth Year \$28,728 Fifth Year \$41,040

5 J. Total estimated cost to construct utility facilities to serve customers in the requested area:

6 **The Off-Site Facilities will be funded through an Off-Site Facilities Agreement**
7 **including the Tariffed Hook-Up Fees. (See Attachment B to the Application)**

8 **For On-Site Facilities, the cost estimates will be included in Line Extension**
9 **Agreements in accordance with Commission Rules and Regulations.**

10 K. Explain method of financing utility facilities (see paragraph 8 of instructions)

11 **Please see Paragraph J. above.**

12 L. Estimated starting and completion date of construction of utility facilities:

13 Starting date **Within 30 days of CC&N issuance**

14 Completion date **60 days after commencement**

15 M. Attach the following permits:

16 1. Franchise from either the City or County for the area requested. **To be late filed as**
17 **Exhibit F.**

18 2. Arizona Department of Environmental Quality or designee's approval to construct
19 facilities. **To be late filed as Exhibit G.**

20 3. Arizona State Land Department approval. (If you are including any State land in your
21 requested area this approval is needed.) **N/A**

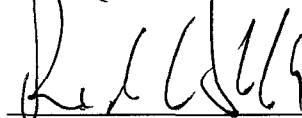
22 4. U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your
23 requested area this approval is needed.) **N/A**

1 5. (WATER ONLY) If the area requested is within an Active Management Area, attach a
2 copy of either the utility's Designation of an Assured Water Supply or the developer's
3 Certificate of 100 Year Assured Water Supply issued by the Arizona Department of Water
4 Resources.

- 5 • If the area requested is outside an Active Management Area, attach the developer's
6 Adequacy Statement issued by the Arizona Department of Water Resources if applied
7 for by the developer.
- 8 • If the area requested is outside an Active Management Area and the developer does not
9 obtain an Adequacy Statement, provide sufficient detailed information to prove that
10 adequate water exists to provide water to the area requested. **Please see the attached**
11 **Exhibit H attached Letter of Physical Availability.**

12 **N. Attached hereto as Exhibit I is the Notice to Customers and Property Owners for the**
13 **subject area. The Affidavit of Mailing/Publication will be late filed as an Exhibit.**

14 SALLQUIST & DRUMMOND, P.C.

15 

16 Richard L. Sallquist
17 2525 E. Arizona Biltmore Circle
18 Suite A117
19 Phoenix, Arizona 85016
20 Attorneys for Virgin Mountain Utilities Company

EXHIBITS

- A. Certificate of Good Standing
- B. Corporate Resolution
- C. Legal Description
- D. Map
- E. December 31, 2002 Annual Report
- F. Mohave County Franchise (Late Filed)
- G. ADEQ approvals (Late Filed)
- H. Letter of Physical Availability
- I. Notice to Customers and Property Owners

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CERTIFICATE OF GOOD STANDING
(Attached)

93066.00000.71

EXHIBIT A

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****VIRGIN MOUNTAIN UTILITIES COMPANY*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on March 19, 1998.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 27th Day of April, 2004, A. D.



Executive Secretary

By

CERTIFICATE OF SECRETARY

I, the undersigned, being the Secretary of Virgin Mountain Utilities Company do hereby certify the foregoing to be duly adopted resolutions of the Corporation's Board of Directors as adopted at a Meeting of the Directors held on _____.

Secretary

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EXHIBIT B

VIRGIN MOUNTAIN UTILITIES COMPANY
RESOLUTION OF THE BOARD OF DIRECTORS

The President reported on the need to enter certain contracts and file certain applications with regulatory agencies which will authorize the Corporation to provide water service to new development(s) in the vicinity of the Corporation's existing service area. Discussion of those matters ensued.

Thereafter, upon motion duly made, seconded and unanimously carried, it was:

RESOLVED, that the Board hereby authorizes the proper officers of the Corporation to enter into appropriate contract(s) with certain developer(s) pursuant to which the developer(s) will pay their proportionate share of the administration and capital costs for water facilities necessary to serve the new customers in the expanded Certificate of Convenience and Necessity ("CC&N"), as herein below contemplated, and as those contracts or Tariff provisions are approved by the Arizona Corporation Commission (the "Commission")

FURTHER RESOLVED, that the Board hereby authorizes the proper officers of the Corporation to file an application with the Commission for extension of the boundaries of the Corporation's CC&N upon the terms and conditions herein mentioned and further authorizes the filing of any and all amendments and supplements to said application.

FURTHER RESOLVED, that the Board hereby authorizes the proper officers of the Corporation to file an application with the Mohave County Board of Supervisors for an extension of its Public Utility Franchise, all in the manner and in the terms and conditions provided in the above-mentioned resolutions.

FURTHER RESOLVED, that the proper officers of the Corporation, and employees designated by the proper officers of the Corporation, be and each of them hereby is, authorized, in the name and on behalf of the Corporation, to conduct any and all negotiations, to make any and all arrangements, testify on behalf of the Corporation, do and perform any and all acts and things and to execute and deliver any and all officer's certificates and other documents and instruments as they deem necessary or appropriate in order to consummate and otherwise effectuate the purposes of each and all of the foregoing resolutions.

LEGAL DESCRIPTION

Section 15, Township 39 North, Range 16 West
G&SRB&M, Mohave County, Arizona

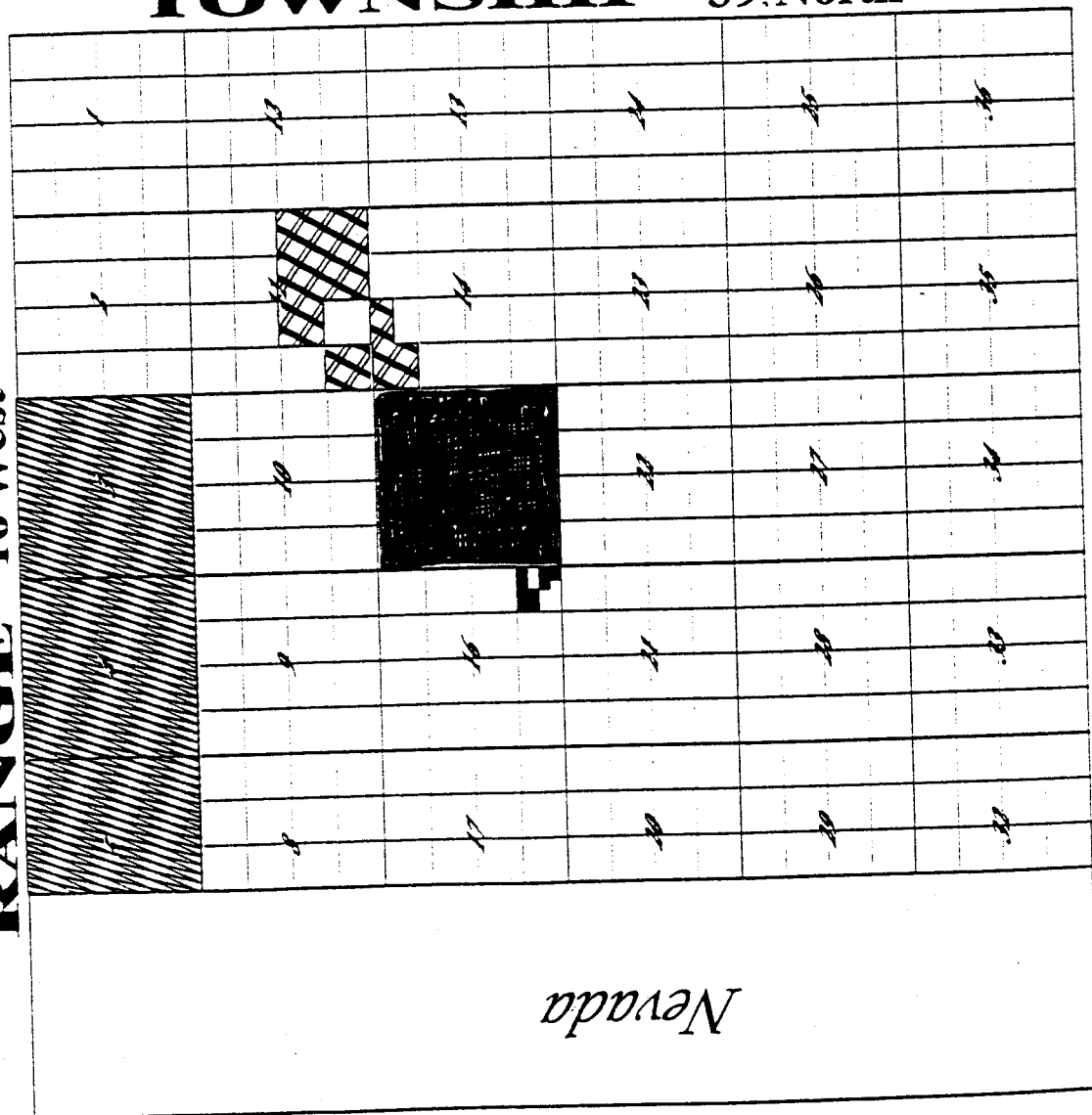
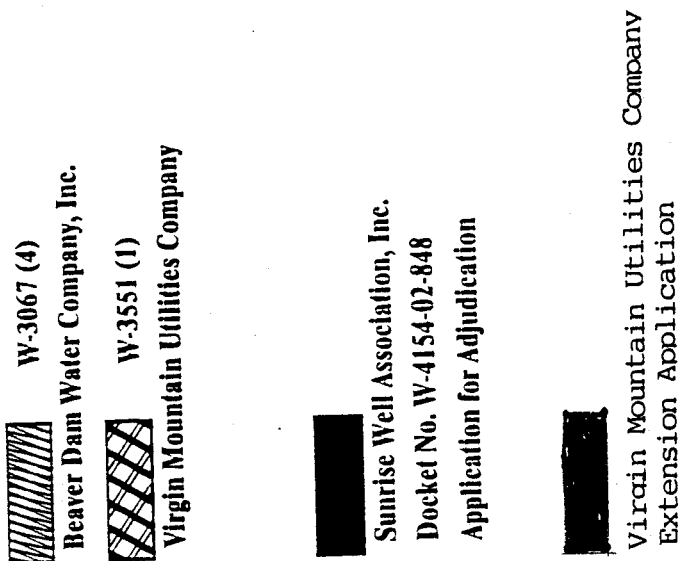
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EXHIBIT C

COUNTY: Mohave

RANGE 16 West

TOWNSHIP 39 North



VIRGIN MOUNTAIN UTILITIES COMPANY
PROFORMA INCOME STATEMENT

	Year One	Year Two	Year Three	Year Four	Year Five
REVENUES					
Minimum Charges/Month	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Gallons Included	0	0	0	0	0
Excess Gallonage Charge/1000 for Residential/Commercial	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
Excess Gallonage Charge/1000 for Standpipe	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Number of Residential Customers	10	40	60	30	100
Sales Revenues (1)	\$5,520	\$22,080	\$33,120	\$44,160	\$55,200
Number of Master Meter Customers	0	0	0	0	0
Sales Revenues (2)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Number of Commercial Customers	0	0	0	3	6
Sales Revenues (3)	\$0.00	\$0.00	\$0.00	\$1,740.00	\$2,640.00
Standpipe Revenues (4)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Revenues	\$5,520	\$22,080	\$33,120	\$45,900	\$57,840
EXPENSES					
Pumping costs	\$360.00	\$1,440.00	\$2,160.00	\$3,240.00	\$4,320.00
Cost/1000	\$0.50				
Operations and Maintenance					
Cost/Unit/Month	\$3.33	\$1,000.00	\$4,000.00	\$8,300.00	\$10,600.00
Management					
Cost/Unit/Month	\$12.50	\$1,500.00	\$6,000.00	\$12,450.00	\$15,900.00
SDWA Compliance		\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
Insurance:					
Liability/Month	\$75.00	\$900.00	\$900.00	\$900.00	\$900.00
Property/Month	\$75.00	\$900.00	\$900.00	\$900.00	\$900.00
Automotive Year	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
Vehicle/Month	\$200.00	\$2,400.00	\$2,400.00	\$2,400.00	\$2,400.00
Depreciation					
Plant		\$146,334.38	\$146,334.38	\$146,334.38	\$146,334.38
Composite Rate	2.50%				
Total Depreciation		\$3,670.37	\$3,670.37	\$3,670.37	\$3,670.37
Property Taxes (Schedule F)		\$1,082.23	\$1,579.75	\$1,860.21	\$2,170.01
Income Taxes (Schedule G)		\$50.00	\$50.00	\$50.00	\$50.00
Total Operating Expenses	\$14,613.11	\$23,690.62	\$29,691.08	\$36,830.38	\$43,916.34
Operating Income(Loss)	(\$9,093.11)	(\$1,610.62)	\$3,428.92	\$9,069.12	\$13,923.66
Interest Expense					
Outstanding Debt		\$59,933.95	\$59,933.95	\$59,933.95	\$59,933.95
Interest Rate	3.00%				
Long Term Interest Expense Total		\$4,794.72	\$4,794.72	\$4,794.72	\$4,794.72
Working Capital Interest at	10.00%	\$750.00	\$1,700.00	\$1,200.00	\$0.00
Total Interest Expense		\$5,544.72	\$6,494.72	\$5,994.72	\$4,794.72
Net Income (Loss)	(\$14,637.82)	(\$8,105.34)	(\$3,065.80)	\$3,074.41	\$9,128.94
Original Cost Rate Base	\$146,164.01	\$142,493.14	\$138,822.25	\$135,151.39	\$131,480.52
Return on OCLD of:	-6.22%	-1.13%	2.47%	6.71%	10.59%
in Gallons, except Unit =					
(1) Average Residential Sales/Month	5,000	5,000	5,000	5,000	5,000
Res Sales/Year	720,000	2,380,000	4,320,000	5,760,000	7,200,000
(2) Average Master Meter Sales/Month	0	0	0	0	0
(Computed as # Units Served)	0	0	0	0	0
Times Avg. Res. Sales/Mo)	0	0	0	0	0
Master Meter Sales/Year	0	0	0	0	0
(3) Average Commercial Sales/Month	0	0	0	20,000	20,000
Comm. Sales/Year	0	0	0	720,000	1,440,000
(4) Standpipe Sales/Year	0	0	0	0	0
Total Sales/Year	720,000	2,380,000	4,320,000	6,480,000	8,640,000
Avg. Res. Bill	\$46.00	\$46.00	\$46.00	\$46.00	\$46.00
Avg. Comm. Bill	N/A	N/A	N/A	\$95.00	\$95.00

Water Income

4/20/98

VIRGIN MOUNTAIN UTILITIES COMPANY

BALANCE SHEET PROFORMA

	Beginning Year One	End Year One	Year Two	Year Three	Year Four	Year Five
ASSETS						
Cash	\$0.00	\$3,283.05	\$3,283.05	\$848.59	\$1,453.66	\$3,198.94
Land (Water)	\$3,000.00		\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00
Production & Storage Plant in Service	\$146,834.88	\$146,834.88	\$146,834.88	\$146,834.88	\$146,834.88	\$146,834.88
Less: Accumulated Depreciation	\$0.00	\$3,670.87	\$3,670.87	\$7,341.74	\$11,012.62	\$18,354.36
Net Plant in service	\$149,834.88	\$146,164.01	\$142,493.14	\$138,822.26	\$135,151.39	\$131,480.52
TOTAL ASSETS	\$149,834.88	\$149,447.06	\$143,341.72	\$140,275.92	\$138,350.33	\$135,479.27
LIABILITIES						
Current Liabilities:						
Current Liabilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Deferred Credits:						
Advances	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contributions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Deferred Credits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Capital:						
Common Stock Issued	\$89,900.93	\$89,900.93	\$89,900.93	\$89,900.93	\$89,900.93	\$89,900.93
Long Term Debt	\$59,933.95	\$59,933.95	\$59,933.95	\$59,933.95	\$59,933.95	\$59,933.95
Retained Earnings	0	(\$15,387.82)	(\$15,387.82)	(\$23,493.16)	(\$23,484.55)	(\$14,355.61)
Working Capital Loan	\$0.00	\$15,000.00	\$15,000.00	\$17,000.00	\$12,000.00	\$0.00
Total Capital	\$149,834.88	\$149,447.06	\$143,341.72	\$140,275.92	\$138,350.33	\$135,479.27
TOTAL LIABILITIES & CAPITAL	\$149,834.88	\$149,447.06	\$143,341.72	\$140,275.92	\$138,350.33	\$135,479.27

Tuesday, April 02, 2002 11:21 AM

To: Tom Stoddard

From: Joel A. Myers, 435-566-7400

Page: 2 of 3

ARIZONA DEPARTMENT OF WATER RESOURCES**Hydrology Division**

500 North Third Street, Phoenix, Arizona 85004

Telephone 602 417-2448

Fax 602 417-2425

JANE DEE HULL
GovernorJOSEPH C. SMITH
Director

March 26, 2002

Mr. Tom Stoddard
Virgin Mountain Utilities
#39 Virgin Mountain Drive
Beaver Dam, Arizona 86432

RE: "Scenic Arizona," T39N, R16W, Mohave County, Arizona
Application for Physical Availability Demonstration #20-400682

Dear Mr. Stoddard:

The Department has completed review of the report entitled *Hydrologic Study, Assured and Adequate Water Supply, Virgin Mountain Utilities Company, Mohave County*, by GEO Consultants, Inc., July 24, 2001, and the analysis of available hydrologic information. The study area consists of about 23,040 acres in Sections 1 through 36, T39N, R16W, G&S R B&M in Mohave County within the Virgin River basin of northwestern Arizona.

In accordance with A.A.C. R12-15-717(C), it was determined that sufficient groundwater is physically available to meet the projected demand of approximately 968 acre-feet per year for 100 years under A.A.C. R12-15-717(B) for adequate water supply purposes in the subject area. This water is also of adequate quality for purposes of A.A.C. R12-15-718. It is the Department's conclusion that the estimated one hundred year depth-to-water should not encounter hydrologic bedrock, nor exceed 1200 feet below land surface, the maximum depth allowed by A.A.C. R12-15-717(B).

The results of the Department's hydrologic review fulfill the requirements of R12-15-716(C) and can be cited in applications for Statements of Water Adequacy, Analysis of Adequate Water Supply, or Designation of Adequate Water Supply. These applications have certain additional requirements based on the assured and adequate water supply criteria referenced in A.R.S. 45-108 and Rule R12-15-701 et. seq. For further information on these requirements, please contact the Office of Assured and Adequate Water Supply at (602) 417-2465. If the Department finds that the groundwater supply is not available because the assumptions and information used in determining the physical availability under the current criteria prove incorrect, the Department will modify the availability of groundwater accordingly.

The Department's determination is an appealable agency action. In order to appeal this decision, you must request an appeal within thirty (30) days from receipt of this letter. I have enclosed a summary of the appeals process and an appeal form should you wish to pursue this option.

EXHIBIT H

Tuesday, April 02, 2002 11:21 AM

To: Tom Stoddard

From: Joel A. Myers, 435-586-7480

Page: 3 of 3

Page 2

March 26, 2002

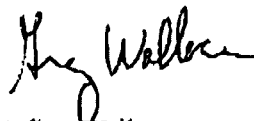
Mr. Tom Stoddard

"Scenic Arizona," T39N, R16W, Mohave County, Arizona

Application for Physical Availability Demonstration #20-400682

If you have any questions regarding the physical availability review, please contact me at (602) 417-2448.

Sincerely,



Greg Wallace
Chief Hydrologist

GW/KM/ed
202237

cc: Joel Meyers
Christa McJunkin, ADWR

1 **PUBLIC NOTICE OF AN APPLICATION FOR AN**
2 **EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY**
3 **BY VIRGIN MOUNTAIN UTILITIES COMPANY**

4
5 Virgin Mountain Utilities Company ("Virgin Mountain") has filed with the Arizona
6 Corporation Commission ("Commission") an application for authority for an extension of its
7 Certificate of Convenience and Necessity to provide water service. Our records indicate that
8 you are either currently a customer of Virgin Mountain or are a property owner in the proposed
9 extension area. If the application is granted, Virgin Mountain would be the exclusive provider
10 of water service to the proposed area. Virgin Mountain will be required by the Commission to
11 provide this service under the rates and charges and terms and conditions established by the
12 Commission. The granting of the application would not necessarily prohibit an individual from
13 providing service to themselves from individually owned facilities on their property. The
14 application is available for inspection during regular business hours at the offices of the
15 Commission in Phoenix at 1200 W. Washington Street, Phoenix, Arizona 85007, and at 330
16 North Sandhill, Suite D, Mesquite, Nevada 89027.

17 The Commission will hold a hearing on this matter. As a property owner or customer
18 you may have the entitled to intervene in the proceeding. If you do not want to intervene, you
19 may appear at the hearing and make a statement on your own behalf. You may contact the
20 Commission at the address and telephone number listed below for the date and time of the
21 hearing and for more information on intervention. You may not receive any further notice of
22 the proceeding unless requested by you.

23 If you have any questions or concerns about this application or have any objections to
its approval, or wish to make a statement in support of it, you may contact the Consumer
Services Section of the Commission at 1200 W. Washington Street, Phoenix, Arizona 85007 or
call 1-800-222-7000.

93066.00000.71

EXHIBIT I

DOCKET W-03551

Applies to all WATER service areas

PART ONE
STATEMENT OF CHARGES
WATER SERVICE

M. Off-Site Facilities Hook-Up Fee

1. Purpose and Applicability

The purpose of the hook-up fees payable to Virgin Mountain Utilities Company (the "Company") pursuant to this tariff is to equitably apportion the costs of constructing additional facilities to provide water production, storage, pressure and fire flow among all new service connections.

These charges are applicable to all new service connections established after the effective date of this tariff. The charges are one-time charges and are payable as a condition to the Company's establishment of service, as more particularly provided below.

2. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's rules and regulations governing water utilities shall apply in interpreting, this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections.

"Company" means Virgin Mountain Utilities Company, an Arizona corporation.

Issued _____

Effective _____

ISSUED BY:

Thomas G. Stoddard, Secretary
Virgin Mountain Utilities Company
P.O. Box 668
Littlefield, Arizona 86432

93066.00000.68

ATTACHMENT B

DOCKET W-03551

Applies to all **WATER** service areas

PART ONE

STATEMENT OF CHARGES
WATER SERVICE

"Main Extension Agreement" means any agreement whereby an Applicant agrees to advance the costs of the installation of water facilities to the Company to serve new service connections, or install water facilities to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Arizona Corporation Commission (same as line extension agreement).

"Off-Site Facilities" means wells, storage tanks and related appurtenances necessary for proper operation, including, engineering and design costs. Off-Site facilities may also include booster pumps, pressure tanks, transmission mains and related appurtenances necessary for proper operation, if these facilities are not for the exclusive use of the applicant and these facilities will benefit the entire water system.

"Service Connection" means and includes all service connections for residential, commercial, industrial, or other uses, regardless of meter size.

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Applies to all WATER service areas

PART ONE
STATEMENT OF CHARGES
WATER SERVICE

3. Off-Site Hook-Up Charges

Each new service connection shall pay the total off-site capacity charge, derived from the following table:

OFF-SITE CAPACITY RESERVATION CHARGE TABLE		
Meter Size	NARUC Meter Factor	Fee
5/8" X 3/4"	1	\$ 2,500
3/4"	1.2	\$ 3,000
1"	2	\$ 5,000
1 - 1/2"	4	\$ 10,000
2"	6.4	\$ 16,000
3"	12	\$ 30,000
4"	20	\$ 50,000
6" or larger	40	\$100,000

4. Terms and Conditions

- (a.) Assessment of One Time Hook-Up Charge: The hook-up fee may be assessed only once per service connection, or lot within a platted subdivision (similar to meter and service line installation charges). However, this provision does not exempt from the hook-up fee, any newly created parcel(s) which are the result of further subdivision of a lot or land parcel and which do not have a service connection.

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PART ONE

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- (b.) Use of Off-Site Hook-Up Fee: Hook-Up fees may only be used to pay for the capital items of off-site facilities, or for repayment of loans obtained for installation of off-site facilities. Off site hook-up fees shall not be used for repairs, maintenance, plant replacements, or operational purposes.
- (c.) Time of Payment:
- (1) In the event that the Applicant is required to enter into a main extension agreement, whereby the Applicant agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-406 (B), payment of the charges required hereunder shall be made by the Applicant within 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the main extension agreement in accordance with R14-2-406(M).
- (2) In the event that the Applicant is not required to enter into a main extension agreement, the charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.
- (d.) Failure to Pay Charges, Delinquent Payments: - Under no circumstances will the Company set a meter or otherwise allow service to be established if the Applicant has not paid in full all charges as provided by this off-site hook-up fee tariff.

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WATER SERVICE

- (e.) Off-Site Hook-Up Fee Non-refundable: - The amounts collected by the Company pursuant to the off-site hook-up fee shall be non-refundable contributions in aid of construction.
- (f.) Use of Charges Received: All funds collected by the Company as off-site hook-up fees, shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.
- (g.) Off-Site Hook-Up Fees In Addition to Other Charges: The off-site hook-up fees shall be in addition to any costs associated with a main extension agreement for on-site facilities, and are in addition to the amounts to be advanced pursuant to charges authorized under other sections of this tariff.
- (h.) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site hook-up fee or the off-site hook-up fee has been terminated by order of the Arizona Corporation Commission (Commission), any funds remaining in the trust shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary

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Virgin Mountain Utilities Company
Hook Up Fee Computation
Certificate of Convenience and Necessity Expansion
Docket No.

Item	Quantity	Unit Price	Cost	Allocation	
				Section 15	System
6" PVC Transmission Main	52,800	\$ 14.00	\$ 739,200	\$ 739,200	\$ -
10" PVC Transmission Mains	15,840	\$ 21.00	\$ 332,640	\$ 332,640	\$ -
Well and Pumping Plant	1	\$ 350,000	\$ 350,000	\$ 233,100	\$ 116,550
Fire Hydrants	137	\$ 2,250	\$ 308,250	\$ 308,250	\$ -
			\$ 1,730,090	\$ 1,613,190	\$ 116,550
Total Units				500	
Backbone Cost per Unit				\$ 3,226	
Proposed Hook-Up Fee					
Percent of Cost			80%	\$ 2,581	
Say				\$ 2,500	